
California Department of Water Resources



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DWR Successfully Restructures GWF Power Contract
Cost Reduced by \$215 Million

Sacramento- The California Department of Water Resources (DWR) today announced that it has successfully restructured its long-term power contract with GWF Energy LLC, reducing its costs under the contract by \$215 million.

The new contract with GWF provides 340 megawatts of peak time power at a total cost of \$776 million – down from \$991.2 million – over 10 years. The new agreement ensures the construction of the 164 megawatt peaker plant in Tracy, California. Two other plants -- each 88 megawatt peaker plants -- are already in operation.

In addition, the new contract improves the operational flexibility of the three projects and includes provisions that meet concerns expressed in an audit report by the California State Auditor.

“We are very satisfied that we restructured this deal to be fair and affordable,” said DWR Deputy Director Pete Garris, who is in charge of the Department’s power buying division. “We were successful in reducing our overall cost while significantly improving our ability to match supplies with fluctuations in customer demand.”

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Summary of Restructured Terms

- Reduces overall cost by \$215 million from the original cost of \$991 million to \$776 million over 10 years;
- Reduces DWR's exposure to pass-through costs;
- Commercial Operation date for Tracy project extended from July 1, 2002 to June 1, 2003;
- Strengthens performance guarantees and improves termination rights;
- Adds reliability and cost control by increasing dispatch rights, allowing more flexibility to better match resources to varying loads.

The Department's California Energy Resources Scheduling division has been purchasing power on behalf of Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric since January 17, 2001.

To date, 10 long-term power contracts have been successfully renegotiated for an overall savings of more than \$3.7 billion. The restructured contracts, including the GWF contract, are available on the Department's web site at www.water.ca.gov.

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